

# STAFF REPORT

Agenda Item: **J.2**

Date: **10-07-2009**

**To:** Mayor and City Council

**Thru:** Donna Dreska, City Manager

**Subject:**

**Staff Report: Status Report for the Virginia Street Transit Corridor Project, discussion and potential direction to staff**

**From:** John B. Hester, AICP, Community Development Director

Kyle West, PE, Deputy Community Development Director – Engineering

**Summary:** On April 22, 2009 the City Council accepted the overall concept of using the existing right of way on Virginia Street for the development of a multi-phase transit project along the Virginia Street corridor (from Lawlor Events Center to the Reno/Sparks Convention Center) consisting of Bus Rapid Transit (BRT), streetcars, and potential conversion of the BRT/streetcar system to a light rail transit (LRT) system in the future. The Council also provided direction on seven specific items to begin implementation of the overall concept. This staff report outlines the progress to date on these items, recommends the continuation of these efforts and preliminary options for pursuing funding, and recommends the Council formally request continued RTC support of the project and in securing funding.

**Background:** At the June 27, 2007 regular Council meeting, the Virginia Street TOD Corridor was discussed and staff was directed to return on August 22, 2007 to present and discuss improvement options for that section of Virginia Street located within the South Virginia TOD Corridor Plan. At the August 22, 2007 regular Council meeting, Council directed City staff to work with Regional Transportation Commission (RTC) staff to evaluate and recommend which improvement option should be employed for the portions of South Virginia Street located within the South Virginia TOD Corridor, and directed City staff to coordinate with the RTC staff to utilize its transportation planning model to analyze the impacts to South Virginia Street and the adjacent street network. At the April 22, 2009 regular Council meeting, Council accepted the recommended concept, the action plan for moving forward and recommendations to begin implementing seven specific items that support the overall concept. The seven specific items are:

1. Implement bus rapid transit (BRT) which is being done under the authority of and at the direction of the RTC;
2. Modify the Reno Municipal Code to add station requirements and design standards;
3. Modify the Reno Municipal Code and/or seek necessary legislation to allow Regional Road Impact Fee (RRIF) credits for parking lots if construction of a new lot adjacent to Virginia Street creates right-of-way for autos and mixed auto/transit;
4. Enhance streetscape standards;
5. Include streetcar and LRT capacity in Virginia Street bridge design;
6. Multimodal center plan; and

7. Establish a stakeholder group or groups to provide input in preparation of plans for lane reconfiguration, on-street parking, operational and construction costs, and transit free zones like now used with Sierra Spirit, etc.

The following discussion outlines the status of current efforts to implement the Council direction. In addition, recent Regional Planning Governing Board and Regional Transportation Commission actions in support of this project are discussed.

**Discussion:** Since April 22, 2009 a project working group consisting of representatives from the City Manager's Office, Community Development, Public Works, RDA, and RTC, was formed and has been meeting, and five sub-groups have been formed (Planning, Engineering, Finance, Public Relations, and Operations/Maintenance) to work on this project. Additional City representatives from the Finance Department, City Attorney's Office, Police Department and the Community Relations Division are being added to the project working group/sub-groups as needed. The project has been presented to several community, governmental, and professional organizations (Reno Citizens Institute, American Public Works Association, Truckee Meadows Regional Planning Agency, Reno Developers Advisory Group, Regional Road Impact Fee Technical Advisory Committee (TAC), RTC TAC, Channel 8 KOLO Television, Grubb and Ellis, the Downtown Improvement Association, and the Redevelopment Agency Advisory Board); additional presentations are being scheduled; and copies of the presentation have been requested by other groups. City (Police, Community Development and Redevelopment) staff accompanied RTC staff to Eugene and Portland, Oregon and Las Vegas, Nevada to see those transit systems and discuss issues and options. The work completed to date is discussed below:

1. Bus Rapid Transit (Phase 1 of the overall concept) – On October 11, 2009, RTC will implement new BRT service on South Virginia Street. RTC RAPID and RAPID CONNECT will replace existing Route 1 service between CitiCenter in downtown Reno and Meadowood Mall. Existing 40-foot low floor coaches have been rebranded to RTC RAPID and will be used until new 60-foot articulated diesel-electric hybrid coaches are delivered next summer. The RAPID line will operate every 10-minutes throughout most of the day and serve just 14 stations (seven in each direction) providing a much quicker trip along the corridor. RTC and CD staffs have met several times to review the locations of the stations. These 14 stations represent approximately 60% of the ridership activity on South Virginia Street. All 44 bus stops currently served by Route 1 will continue to be served by RAPID CONNECT every 30 minutes throughout the day, and hourly through the night, providing 24-hour coverage. During the first year of operation, RAPID Stations will consist of branded passenger shelters and signs that look different from current RTC RIDE shelters and bus stops. New stations will be constructed during the second and third year of the project with level boarding/alighting platforms, real-time schedule information displays, ticket vending machines, and other amenities designed to improve the quality of service in the corridor. Design considerations will enable these stations to serve future streetcar and/or light rail without significant modifications. While RTC has sufficient funding to construct the stations, if projects are developed in locations where stations are warranted the developers could be conditioned to pay for station improvements on their property with costs applied towards the required 1% pedestrian amenities within TODs. RTC continues to seek feedback regarding final RAPID alignment through the downtown to serve Fourth Street Station when it opens in Summer 2010.
2. Station Requirements – This code amendment has been added to the program of Reno Municipal Code amendments to be processed in FY 2009/2010.

3. Regional Road Impact Fee – The proposed option was presented at the September RTC TAC meeting. Additionally, staff has been discussing the option of creating a different benefit district for each TOD with a different, or no, Regional Road Impact Fee.
4. Complete Streets Project (a.k.a., Streetscape Standards) – This Redevelopment Agency project will be completed in conjunction with the lane, parking and sidewalk reconfiguration project to be completed by City staff and the RTC BRT stations project in FY 2009/2010.
5. Virginia Street Bridge – The Public Works Department is including the requirement for the new bridge to support a light rail train in the design specifications.
6. Multimodal Center – The planning subgroup will be working on this task during FY 2009/2010. In general, it is intended to create the region's major transportation hub by connecting Virginia Street (current Sierra Spirit circulator and future streetcar line) with the Amtrak Station (intercity rail) and Fourth Street Transit Center (local bus, bus rapid transit and possible future light rail lines with connections to the Reno Tahoe International Airport and Reno Stead Airport). One of the possible funding sources that may be utilized is the ReTRAC enhancement funds from the Federal government. This funding source exceeds \$500,000. Specific improvements that could be funded, depending on cost, are pedestrian amenities, signage and a bridge over the ReTRAC south of the new Fourth Street Transit Station.
7. General Working Group Tasks - The working group is currently in the process of obtaining critical information regarding the funding, design, operations, and maintenance of existing street car systems from various cities throughout the United States, as well as streetcar/light rail manufacturers and national transportation data bases.

Based on the research completed to date, it is anticipated that capital costs for the first phase (Phase 2 of the overall concept) of the streetcar system will be \$15 million per mile (\$45 million for approximately three miles of Virginia Street track – one and one-half mile of northbound track and one and one-half mile of southbound track in the downtown area on Virginia Street between the Lawlor Events Center and California Avenue); which includes the cost for rails, electrification, streetcars, and transit stations; plus an additional \$22 million for a new maintenance/storage facility and one mile of track that would carry streetcars to the facility. If the entire capital cost for Phase 2 of the overall concept (\$67 million) is financed by a thirty year bond issued at a 6% interest rate, the total annual capital cost for the first phase of the streetcar project is expected to be \$4.8 million.

It is anticipated that capital costs for the second phase (Phase 3 of the overall concept) of the streetcar system will be \$12 million per mile (\$84 million for approximately seven miles of track – three and one-half miles of northbound track and three and one-half miles of southbound track on Virginia Street from California Avenue to the Convention Center); which includes the cost for rails, electrification, and additional streetcars. If the entire capital cost for Phase 3 of the overall concept (\$84 million) is financed by a thirty year bond issued at a 6% interest rate, the total annual capital cost for the second phase of the streetcar project is expected to be \$6.1 million.

For the entire five-mile (10 track-miles) system connecting the Convention Center, the South Virginia resort hotels, Downtown and the University of Nevada, plus the additional one-mile “service track” and maintenance/storage facility (Phases 2 and 3 of the overall concept), the estimated capital cost is \$151 million. If the entire capital cost for both Phase 2 and 3 of the overall concept (\$151 million) is financed by a thirty year bond issued at a 6% interest rate,

the total annual capital cost for the entire streetcar project, as currently proposed, is expected to be \$10.9 million.

The estimated average annual operations and maintenance costs for the entire system (Phases 2 and 3 of the overall concept) is \$3 million, depending upon the number of streetcars, operating hours, etc. The current annual passenger volume for RTC Route 1 (Virginia Street Corridor) is approximately 1,720,000 riders. For fiscal year 2008/2009, RTC reported that the average fare was 88 cents per rider; therefore, RTC collected approximately \$1.5 million dollars for this route. If all of these riders began riding the streetcar; which is unlikely as many of them will continue to ride on buses until they no longer operate on Virginia Street, the streetcar fares will have to be set well above the average bus fare on this route and/or be subsidized with other funding to cover annual operating/maintenance costs. Hence, the \$3 million annual maintenance and operation cost is included in determining total new funding needs.

Finally, the establishment of an annual sinking fund is recommended for replacement of that portion of the system that may be deteriorated beyond repair (i.e., vehicles, electronic equipment, etc.) on a thirty year cycle; which, based on preliminary costs of approximately \$50 million for replacement needs throughout the entire system, equals \$1.7 million per year.

The annual funding could be reduced once the construction costs are paid (i.e., only sinking fund and operation operations and maintenance funds would be required). Other options include continuing construction funding to expand the system (e.g., East Fourth Street or Mill Street to the Airport), or deciding at some point in the future if the construction funding should be maintained and the system expanded.

At this point, staff recommends that the funding needs also be limited to Phase 2 of the overall concept (i.e., between Lawlor Events Center and California Avenue plus the required maintenance/storage facility and “service track”). This will provide an interconnection between the streetcar and BRT systems (Phase 1 of the overall concept) in the California Avenue area. The streetcar would essentially replace Sierra Spirit.

A comprehensive funding package for this project will be proposed by the finance sub-group. The potential sources of funding include a property tax, a sales tax, some sort of tax on tourists, tax increment funds, Federal funds, etc. A countywide transit sales tax failed on the last ballot and there are limited tax increment funds available, so staff does not view these as viable alternatives at this point. Two of the initial recommendations are a City of Reno property tax increase, in the form of a property tax override, and pursuit of Federal funds for a streetcar/light rail transit “start up” project. The property tax could be placed before the voters in November 2010. If approved by the voters, legislation would be pursued in 2011 with construction being initiated in 2012 and completed in 2013. Of course, any Federal funds or other funding source would offset the amount needed from property taxes. Before a final decision on placing this property tax on the ballot is made by the City Council, this proposal should be evaluated in the context of other potential City property tax ballot issues (e.g., police facilities, parks and recreation facilities), and the state of the economy.

Currently a one cent increase in property taxes yields approximately \$850,000 per year. The current tax rate is 0.9456 (\$0.95 per \$100 of assessed value). The following table identifies the projected annual costs (capital, operations and maintenance, and sinking funds) of the proposed project, by phase, and projected total annual 30-year property tax rate increase, based on the percentage of the project that would be funded through a ballot initiative.

	Phase 2		Phase 2 and 3	
	50%	100%	50%	100%
Annual Capital Costs	\$2.4 M	\$4.8 M	\$5.45 M	\$10.9 M
Annual O & M Costs	\$65.0 K	\$1.3 M	\$1.5 M	\$3.0 M
Annual Sinking Fund	\$375.0 K	\$750.0 K	\$850.0 K	\$1.7 M
Total Annual Costs	\$2.84 M	\$6.85 M	\$7.8 M	\$15.6 M
Total Annual Property Tax Rate Increase (@ \$850,000 per each cent)	\$0.033	\$0.081	\$0.092	\$0.184
Other Required Funding	\$33.5 M	\$0	\$75.5 M	\$0

Phase 2 – Lawlor Events Center to California Avenue plus maintenance/storage facility

Phase 2 and 3 - Lawlor Events Center to Convention Center plus maintenance/storage facility

The concept for this approach to funding comes partly from the City of Seattle. Seattle recently completed a streetcar line from Downtown to Lake Union. The line serves and is owned by the City, and it is operated by the regional transit agency. In this case the City of Reno residents would own and be served by the line, and it could be operated by RTC.

The implementation of a City of Reno property tax increase/override would require a ballot initiative consisting of the following steps:

- a. Per NRS 293.481, the City Council would have to decide on or before "the third Monday in July" of 2010 to place an issue on the November 2010 Ballot for the City of Reno voters to approve or reject.
- b. Simultaneous with the official adoption of the proposed question there must be filed a description of the anticipated financial effect on the City.

Also, NRS 295.217 requires a City with a population of more than 10,000 to appoint two argument committees for each question placed on the ballot or which gets on the ballot through decision of the City Council or through the initiative or referendum process: this would include Reno. In this case one argument committee of three individuals "...who are known to support the question" are to be appointed by the City Council (in consultation with the City Clerk) and another argument committee also of three individuals but who "...each are known to oppose adoption of the question" is to be appointed. Each committee is charged with producing one argument representing its view and a shorter rebuttal to the other committee's argument for inclusion in the Sample Ballot that will be produced and circulated to all active registered voters of the City prior to the beginning of early voting for the 2010 General Election.

There is additional information about the formation and operation of the arguments committees in NRS 295.217. The Reno City Clerk has adopted or will adopt directives regarding the timeline for formation, argument drafting (i.e. timeline) and presentation of arguments that apply to City ballot questions, since she is the filing officer in regard to all City of Reno candidates and ballot questions.

Since the City Council approved the overall concept and directed staff to work on the seven specific items listed above, both the Regional Planning Governing Board (RPGB) and Regional Transportation Commission (RTC) have taken actions in support of this project. At the most recent joint RPGB/RTC meeting, the transit corridors in the Regional Plan were discussed for a second time and the South Virginia corridor was selected by the RPGB as the highest priority corridor for implementation. There was not a quorum of the RTC members at that meeting so it

was placed on a subsequent RTC agenda. At that subsequent meeting of the RTC, that body also selected South Virginia as the highest priority transit corridor. At the next joint RPGB/RTC meeting in November a list of specific actions that the RTC can take to support this project will be presented. Those items include continued support on the working group, planning and public information assistance, possible changes to the regional road impact fee system, pursuit of Federal funds, etc. RTC staff has asked that the Reno City Council formally request their continued support of this project and City staff recommends that the City Council do so.

**Staff recommendation:** Staff recommends Council acceptance of this report; direction to staff to: continue work on action plan items, provide Council with additional information, including possible site visits, and provide project status reports on a quarterly or more frequent basis; and formally request continuation of RTC participation in ongoing project planning and pursuit of Federal funding.

**Proposed motion:** I move to accept the staff recommendation.